

Town of Bedford Finance Committee

Town Hall, Selectmen's Meeting Room

July 7, 2016

Members in attendance: Tom Busa, Karen Dunn, Elizabeth McClung, Paul Mortenson, Steven Steele (Chair), Ben Thomas.

Members absent: Rich Bowen, Steve Carluccio, Dave Powell.

Others in attendance: Victor Garofalo, Town Treasurer/ Finance Director.

Minutes:

The minutes of March 24, 2016 were approved 6-0-0.

Term reappointments: Fin Com members present confirmed they have renewed their term appointments for the upcoming fiscal year.

Three Reserve Fund Transfers

- **Fire Department:** This request was originally "up to \$30,000" for unanticipated vehicle repairs. However, due to savings in other areas of the Fire budget, the actual request is now \$8,200.

Mr. Thomas asked if this request means that vehicle repairs were higher than normal. If so, he asked whether the repair budget line item should be increased in the next cycle. Mr. Busa replied that Fire had already increased its repair line item by \$5,000 because the Chief does expect expenses to be higher going forward.

MOTION: Mr. Thomas moved to approve a transfer of \$8,200 from the Reserve Fund to Fire Department account # 001-2200-5241 Vehicle Repairs. Mr. Mortenson seconded. The motion passed 6-0-0.

- **School – Homeless Transportation:** Initially the School Committee approved a Reserve Fund transfer request of \$83, 819 but the School Department was able to find money to cover part of the expense. Therefore, the request is now \$69,255.

MOTION: Mr. Busa moved to approve a transfer of \$69,255 from the Reserve Fund to the Homeless Student Transportation. Ms. McClung seconded. The motion passed, 6-0-0.

- **Planning Department:** The request in this case, in the amount of \$8,025.72, is to cover unused vacation time and sick leave buy-back for retired Planning Board Director Glenn Garber.

MOTION: Mr. Busa moved to transfer the amount of \$8,025.72 from the Reserve Fund to the Planning Salary Account # 001.1750.5110. Ms. McClung seconded, 6-0-0.

Finance Committee Liaison Assignments: Mr. Carluccio notified Chairman Steele that his work commitments have increased. He therefore requests a lighter liaison assignment. To accommodate the request, he taken off Schools and re-assigned to Fire. Most other members' committee assignments

were left unchanged. Mr. Steele said he would back up Mr. Thomas as Selectmen liaison. School Department liaisons—Ms. McClung and Ms. Dunn—will also liaise to the VocTech School Committee. It was also determined that a liaison is needed for the Cable TV Committee. Mr. Garofalo will update the assignments and post the revised in the FinCom Dropbox.

FY16 year-end status/ FY17 Tentative Adjustments: Once the above Reserve Fund Transfers have been executed, the books for FY16 will close and over \$1m will be turned back from surpluses in various departments. Additionally, all expected State funds were received in June.

Several of the departments will turn back funds because of retirements and vacancies. There have also been energy savings (\$150,000-\$200,000); debt costs were lower due to refunding and Capital project delays; health costs were lower, in part, because there are 15 fewer families receiving benefits. The water purchase for the year was also \$30,000 --\$40,000 less than budgeted. Local receipts are going to be high; Overlay funds of about \$300,000 have been released; New Growth is expected to be robust.

Discussion followed about how to “prudently” handle this significantly higher Free Cash. Strong sentiment was expressed for “turning it back” to the taxpayers which could be accomplished by increasing the Unused Tax Levy. Other ideas included paying cash for upcoming projects; recommending a so-called “underride”; or, accelerating water main or roads resurfacing infrastructure projects. Mr. Steele pointed out that there are still Chapter 90 funds that haven’t been used because the DPW can only oversee so much infrastructure work in a given year.

Mr. Garofalo said that there is currently \$2,296,831 in Unused Tax Levy and there’s \$252,000 in Surplus. Recommendations will be made at Special Town Meeting to adjust/reduce the FY17 Health, Debt, Snow, Water and Sewer budgets.

Future Meetings: No meetings in August.

Scheduled:

Sept 1 (Mr. Garofalo and Mr. Steele will be away), 15, 29

Oct 6, 13, 20, 27

Nov 10, 17 (guideline?)

Dec 1 (fallback date for guideline), 8, 15

Jan 5, 12, 19, 26

Feb 2, 9, 16 (tentative)

March 9, 16, 23

STM is November 1, 2016

ATM is March 27, 2017

Starting Jan 5, Mr. Garofalo will schedule the various departments’ budget presentations. Smaller departments will go first, per usual.

Schools will come in after STM to give a preliminary budget forecast. Mr. Garofalo will discuss the timing with School Committee Chair Michael McAllister.

Miscellaneous:

With the \$47,000 State grant for a new local transportation shuttle, it was felt that a compensatory

adjustment is warranted to the Town's two-year, \$200,000 project commitment. Members Thomas and Busa and Chairman Steele recommended an article to this effect at STM in November.

A project manager for the upcoming Capital projects will soon be hired. The interview process is down to the final two candidates.

Mr. Garofalo will attend CapEx on Aug 3 to talk about the uncompleted Capital projects that will be carried forward into the next fiscal year. He'll also discuss potential bonding projects with the committee—both exempt and non-exempt—and what revenue sources might be brought to bear.

At the Sept 1 meeting, Mr. Garofalo will have the first budget model prepared for review and he will get an idea from the Assessors what to expect for New Growth.

Mr. Thomas thanked Mr. Garofalo for his hard work and the dedication that has made FinCom's work so much easier.

Meetings attended:

Selectmen: Mr. Thomas reported that the Cable TV Committee says it needs more funding. Staff are leaving the station due to issues such as lack of benefits. Three plans for increasing the budget were presented and the Selectmen opted for a 6% funding increase. Because the cable TV subscriber base is dwindling, the Selectmen also discussed where funding would come from in future years.

Mr. Garofalo added that as of FY18, the Cable TV account can no longer be categorized as a Revolving account; it will have to be either a Special Revenue account or an Enterprise account.

Water and sewer rates were also discussed. Mr. Thomas said there would likely be "a substantial rate increase"—along the lines of 12.5%. Mr. Garofalo said, after some recalculation, it would probably be lower.

FinCom's discussion about water and sewer revealed a complex snapshot of water consumption and rates. According to Mr. Garofalo, metered residential water usage has gone down almost 10% over the last 10 years but the town as a whole has been billed for higher consumption. To cover these costs, unit rates have gone up.

Obsolete or malfunctioning meters is suspected to be behind at least some of the billing inconsistencies. Storm water infiltration and illegal sewage hookups could be sources of sewage volume that shows up in the Town's MWRA bills but cannot be attributed to any rate payer. \$1m would replace all the meters in town. "We feel that there's a revenue loss and inequity out there" that would be remedied by replacing meters, Mr. Garofalo said.

Even if a Capital project to replace the meters is passed at the fall STM, it would still take two years for the project to be completed and the problem to be fixed. Mr. Garofalo said that outside contractors would be used to do the work; Mr. Thomas pointed out that that project oversight would still fall onto the shoulders of the DPW.

Also at the Selectmen's meeting, Mr. Garofalo presented that \$47,000 in ambulance fees has been deemed "uncollectible". Rather than go to court to pursue payment, the Town will assume the loss. Mr.

Garofalo said it is always assumed that a certain percentage of ambulance fees won't be recovered because there are co-payments that don't get paid as well as people who are either uninsured or under-insured.

School Committee: Mr. Steele reported that Michael McAllister is the new Chair and Ann Guay is the new Vice Chair/Clerk. Mr. Steele discussed with Mr. McAllister the concept of holding the School budget increase to 10% over the next 3 years (combined). It is hoped an agreement can be reached.

Old News: Mr. Busa said he'd had a conversation with a resident and former DPW employee who reported that, on hot days, the DPW grounds crew "goes and hides". The resident gave Mr. Busa names of the employees involved and the addresses of the houses they hide in.

"That's one of the reasons why they should strongly look at having that department outsource grass cutting," Mr. Busa concluded.

Ms. McClung said she's been reluctant to say anything but she videotaped snow plows going around and around the JGMS loop one winter.

Mr. Thomas said these are discussions to be had with the DPW during budget presentations. Mr. Busa said it should also be discussed with Fiscal Planning "so that a realistic cost analysis" can be done about outsourcing.

In a different vein, Mr. Thomas said he would like to reinvigorate the discussion about putting all Town/School space rental under one department's purview. Mr. Busa reported that the Town Manager's office is looking into this.

Adjournment:

MOTION: Mr. Busa moved that the meeting be adjourned at 9:03. Mr. Thomas seconded. The motion passed, 6-0-0.

Respectfully submitted,
Kim Siebert, Recording Secretary